

RK HOLDINGS LLP's FCI
 FCI-24404
 10/22/2021 04:30 PM
 IO (b)(6), Columbus III (IO) Field Office

LICENSEE INFORMATION

| | | | |
|----------------------------------|-----------------------|---|-------------------------------------|
| Licensee Name RK HOLDINGS LLP | RDS Key 4-31-06222 | License/Permit Number 4-31-023-01-3H-06222 | License Type 01 - Dealer License |
|----------------------------------|-----------------------|---|-------------------------------------|

Business Type
 Limited Liability Partnership (LLP)

Premises Address

Premises Ownership Type
 Owned

Premises Location Type
 Store Front

Address
 1476 UPPER VALLEY PIKE
 Unit N/A
 SPRINGFIELD, Ohio 45504
 CLARK United States

Mailing Address

Address
 4216 DEWITT AVE
 Unit N/A
 MATTOON, Illinois 61938-6643
 COLES United States

| Phone Type | Phone Number | Remarks |
|------------|-----------------|---------|
| Business | +1 937-327-0875 | |
| Fax | +1 937-327-1650 | |

| Email Address | Email Remarks |
|--------------------------|---------------|
| store87mgr@ruralking.com | |
| (b)(6) | |

RECOMMENDATIONS

Final Decision
 Warning Conference

Deputy Assistant Director Megan Bennett's Recommendation
 Warning Conference

Details

I concur with the recommendation of DIO led Warning Conference in lieu of revocation. The FFL had internal policies that did not allow manual corrections to be made to the ATF F 4473 so if stores noticed an error and wanted a customer to correct the form, they would start a new form in the computerized system, resulting in false entries. The DIO will ensure the corporate compliance representative is in attendance at the warning conference so proper corporate-wide corrections to their policies and procedures may be made.

This case has been briefed to the Director/Deputy Director.

Special Agent in Charge Roland Hamdon's Recommendation

I concur Warning Conference in Lieu of revocation.

Division Counsel (b)(6) Recommendation
 Warning Conference

Details

Division Counsel concurs with the recommendations of the IOI, A/S and DIO to hold a DIO led Warning Conference in lieu of revocation.

Director Industry Operations Judith Ladoux's Recommendation
 Warning Conference

Details

The DIO concurs with the recommendation to hold a DIO led Warning Conference in lieu of revocation. Licensee utilizes the Fastbound electronic record keeping system. Licensee caused ATF Forms 4473 to be falsified by initiating a new form when an error was discovered on an original form. Additionally, RK Holdings LLP, Greenville, OH location caused their A&D record to be falsified by adding new entries and deleting the original entry when an error was discovered. A DIO led Warning Conference in lieu of revocation will be recommended for that inspection as well (FCI-23069). The DIO plans to conduct the warning conferences for both licenses together to discuss the violations and advise the licensee to follow the guidelines set forth by ATF as well as RK corporate policies concerning their electronic recordkeeping system. The details of the violations are set forth in the attached MCP 8C.

Area Supervisor (b)(6) Recommendation
 Warning Conference

Details

RK HOLDINGS LLP dba Rural King 4-31-06222

As (b)(6) concurs with IOI (b)(6) recommendation of DIO Held Warning Conference and Recall Inspection in lieu of Revocation. Between 2/22/2021 and 6/2/2021, IC (b)(6) completed a compliance inspection at the licensee's business premises. Licensee was cited for eight (8) violations of the GCA, including 27 CFR 478.121(c): Making false entry, omitting entry, or failing to properly maintain required recordkeeping. Licensee knowingly made false entries in, or failed to make appropriate entries on the Form 4473 on a total of (b)(6) forms. When the licensee discovered a Form 4473 contained an error after a NICS delay or other delay in transfer (prior to the firearm being transferred), the licensee initiated a new Form 4473 using the NICS transaction number (NTN) from the original form and made false entries and/or omissions on the new Form 4473. This was the licensee's first compliance inspection under the current license issued in 2017, or the prior license issued in 2016 (4-31-05554). Licensee obtained a new FFL in 2017, due to the corporate restructuring. Rural King previously operated under the parent corporation RK Shares Inc. RK Shares Inc. was restructured into RK Holdings, LLP.

Violations:

- 1.) 27 CFR 478.129(b): Failure to retain ATF F 4473 (b)(6) instances)
- 2.) 27 CFR 478.121(c): Making false entry, omitting entry, or failing to properly maintain required recordkeeping
- 3.) 27 CFR 478.21(a): Failure to complete forms as prescribed (b)(6) instances)
- 4.) 27 CFR 478.124(c)(3)(i): Failure to verify or record Identification document on ATF F 4473 (b)(6) instances)
- 5.) 27 CFR 478.124(c)(3)(iv): Failure to record NICS contact information on an ATF F 4473 (b)(6) instances)
- 6.) 27 CFR 478.124(c)(1): Failure to obtain a completed ATF F 4473 (b)(6) instances)
- 7.) 27 CFR 478.124(c)(4): Failure to record firearm information on an ATF F 4473 (b)(6) instances)
- 8.) 27 CFR 478.125(e): Failure to maintain an accurate/complete/timely acquisition and disposition record of firearms (b)(6) instances)

A DIO Warning Conference and Recall Inspection should help to ensure violations are not repeated and future compliance. The inspection did not reveal any prohibited transactions, public safety violations, and no NICS violations. Licensee stated they immediately developed a plan to address the violations company-wide, to include reinforcing current standard operating procedures, expanding its current training program to address the violations identified in the inspections, and remote auditing of all stores to identify and mitigate violations in a timely manner.

Onsite Work Summary:

Total # of ATF F 4473 Reviewed = (b)(6)

Total # of Open Dispositions in A & D Record = (b)(6)

Total # of Firearms in Inventory = 303

Total # of Firearms Missing after Reconciliation = 0

Total # of Acquisitions in the Last 12 Months = (b)(4)

Total # of Dispositions in the Last 12 Months = (b)(4)

Licensee's Greenville, OH license (4-31-06138) was inspected simultaneously with the current inspection. The Greenville, OH inspection (FCI-23069) resulted in similar falsification violations.

Industry Operations Investigator (b)(6) Recommendation: Warning Conference

Details

ALTERNATE RECOMMENDATION: DIO Held Warning Conference in lieu of Revocation; Recall Inspection.

A DIO held warning conference with a recall inspection is recommended because Licensee knowingly made false entries in, or failed to make appropriate entries in the ATF Form 4473 on a total of (b)(6) forms. Specifically, when Licensee discovered that the ATF Form 4473 contained an error after a NICS delay or other delay in transfer (prior to the firearm being transferred), Licensee initiated a new ATF Form 4473 using the NICS transaction number (NTN) from the original form, and made the following false entries and/or omissions:

(b)(3) (112 Public Law 55 125 Stat 552), (b)(6)

(b)(3) (112 Public Law 55 125 Stat 552),(b)(6)

Licensee's Greenville, OH license (4-31-06138) was inspected simultaneously with the current inspection. The Greenville, OH inspection (FCI-23069) resulted in similar falsification violations, but concerning the A&D Record. The violations in the current inspection as well as those in the Greenville, OH inspection resulted from Licensee's policy of forbidding handwritten corrections to the ATF Form 4473, and requiring a new form be created each time an error is discovered. Due to Licensee's policy, Licensee entered or caused to be entered false information on the ATF Form 4473 of record (in the Springfield, OH inspection), or in the A&D Record (in the Greenville, OH inspection).

Licensee's policy of forbidding handwritten corrections to the ATF Form 4473 was identified as a problem during a 2018 inspection (FCI-57) on its Lebanon, OH license (4-31-04703). As a result of the Lebanon, OH inspection, Licensee developed a new company policy and referenced it in a subsequent variance request to ATF, concerning its ATF Form 4473 correction procedures. (b)(6) Chief, Firearms Industry Programs Branch responded to Licensee in a January 31, 2019 letter, in which he summarized Licensee's ATF Form 4473 correction procedures, and advised that a variance was not required for the procedures as stated by Licensee. However, neither the Springfield, OH location nor the Greenville, OH location followed the procedures outlined to ATF and restated by (b)(6) in the January 2019 letter, and that failure led to the falsification violations discussed herein. When confronted with the falsification violations cited in the Springfield, OH and Greenville, OH inspections, Licensee defended its actions by first pointing to the "variance" granted in the January 2019 letter, and later claiming that the violations were isolated anomalies. Regardless, Licensee's policy of forbidding handwritten corrections to the ATF Form 4473 has resulted in serious violations in at least three ATF compliance inspections. Licensee has been on notice regarding the violations since at least 2018, but the violations have continued. Furthermore, the significance of such failures is compounded by Licensee's numerous federal firearms licenses, all of which follow the same corporate compliance program. Due to Licensee continuing to knowingly commit serious violations after being put on notice, a DIO held warning conference is necessary to ensure that Licensee implements an appropriate and effective compliance plan.

A DIO held warning conference is recommended in lieu of revocation because the current inspection was Licensee's first under the current license issued in 2017, or the prior license issued in 2016. Additionally, Licensee's corporate firearms compliance team reported that they immediately began developing a plan to address the violations company-wide, to include reinforcing current standard operating procedures, expanding its current training program to address the violations identified in the inspections, and remote auditing of all stores to identify and mitigate violations in a timely manner. As discussed above, similar plans of action were promised as a result of the Lebanon, OH inspection, and the discovery of the same or similar violations in Springfield, OH and Greenville, OH is evidence of Licensee's failure to develop an appropriate policy, or its failure to properly train personnel on its policy. However, a DIO held warning conference will allow Licensee to develop and present a more robust compliance plan, and explain how it will ensure that its staff adheres to the plan. Finally, the inspection as a whole failed to reveal any prohibited transactions, NICS violations, public safety violations, and, other than as discussed herein, no recordkeeping traceability issues.

Inspection Findings

Records and Forms

13. Falsify records required under the GCA or making a false or fictitious written statement in the FFL's required records or in applying for a firearms license.

ELIGIBILITY VERIFICATION**Business Information Verification**

| | | |
|-----------------|-------------------------------------|------------------------|
| Licensee Name | Business Type | Is the business valid? |
| RK HOLDINGS LLP | Limited Liability Partnership (LLP) | Yes |

Additional Findings

The Ohio Secretary of State's website verified that Licensee is an active limited liability partnership organized in the State of Illinois, and registered as a foreign LLP in the State of Ohio on February 14, 2017.

Attachment(s):

4-31-06222 RK Holdings LLP - Foreign LLP Statement of Qualification.pdf

Property Ownership Verification

| | | |
|-------------------------|------------------------|---|
| Premises Ownership Type | Premises Location Type | Has the property ownership been verified? |
| Owned | Store Front | Yes |

Address:

1476 UPPER VALLEY PIKE
Unit N/A
SPRINGFIELD, Ohio 45504
CLARK United States

Additional Findings

The Clark County Auditor's website verified that the business premises are jointly owned by A Melvin Real Estate LLC which, in turn, is owned by RK Holdings LLP.

Attachment(s):

4-31-06222 RK Holdings LLP - A Melvin Real Estate LLC Ohio Registration.pdf

4-31-06222 RK Holdings LLP - Property Card.pdf

Trade Name/DBA Verification

| | |
|-----------------|-----------------------------------|
| Trade Name/DBA | Is the trade name/DBA registered? |
| RK HOLDINGS LLP | Yes |

Additional Findings

The Ohio Secretary of State's website verified that Licensee registered the trade name Springfield Rural King on January 31, 2019. Licensee's business name in FLS was listed as RK Holdings LLP. IOI Miller notified the NLC of the discrepancy and FLS now has Rural King as Licensee's business name.

Attachment(s):

4-31-06222 RK Holdings LLP - Trade Name Registration.pdf

Zoning Information Verification

Is the proposed business activity in compliance with zoning?

Yes

Additional Findings

Confirmation with (b)(6) Director, German Township Planning and Zoning, Clark County, revealed that Licensee is in compliance with zoning.

Contact Information

| | |
|--------|----------------|
| Name | Date Contacted |
| (b)(6) | 02/19/2021 |

Organization
German Township, Clark County

Job Title
Director of Planning & Zoning

| Phone Type | Phone Number | Remarks |
|---------------|---------------|---------|
| Mobile | (b)(6) | |
| Email Address | Email Remarks | |
| (b)(6) | | |

Attachment(s):

APPOINTMENT DETAILS

Interview Date

02/22/2021

Address

1476 UPPER VALLEY PIKE, Unit N/A, SPRINGFIELD, Ohio 45504

Responsible Attendee(s)

NICHOLAS PAUL WACHS

(b)(6)

Non-Responsible Person(s)

(Deactivated)

(Deactivated)

(b)(6)

RESPONSIBLE PERSON(S)

NICHOLAS PAUL WACHS

| | | | |
|-----------------------------|----------------|----------------------------|---|
| Name NICHOLAS PAUL WACHS | Gender Male | Race White | Ethnicity Not Hispanic or Not Latino |
| Date of Birth (b)(6) | SSN (b)(6) | Job Title STORE MANAGER | |

Physical Identifiers

| | | | |
|------------------|------------------|-----------------------------|-------------------|
| Height (b)(6) | Weight (b)(6) | Hair Color Red or Auburn | Eye Color Blue |
|------------------|------------------|-----------------------------|-------------------|

Place of Birth

| | | |
|-------------------------------------|-----------------|------|
| Country United States Of America | State (b)(6) | City |
|-------------------------------------|-----------------|------|

Home Address

(b)(6)

Additional Names

Citizenship

United States

| ID Type | Country | State | ID Number |
|------------------|---------------|---------|-----------|
| Driver's License | United States | (b)(6) | (b)(6) |
| Phone Type | Phone Number | Remarks | |
| Mobile | (b)(6) | | |
| Email Address | Email Remarks | | |
| (b)(6) | | | |

Criminal History Check

Date Criminal History Check Conducted
02/19/2021

Criminal History Check Comments

IOI (b)(6) conducted a deconfliction analysis on February 19, 2021 and determined that no conflicts existed with the inspection. Specifically, (1) N-Force disclosed no active or pending ATF Criminal Enforcement (CE) investigations involving Licensee or the responsible persons, (2) Dayton Satellite Office and Columbus II Crime Gun Intelligence Center (CGIC) disclosed no potential ATF CE investigations into Licensee or the responsible persons, and (3) National Crime Information Center (NCIC) and the Ohio Law Enforcement Gateway (OHLEG) queries of the responsible persons disclosed no prohibiting information.

(b)(6)

(Deactivated)

| | | | |
|-------------------------|----------------|----------------------------|---|
| Name (b)(6) | Gender Male | Race White | Ethnicity Not Hispanic or Not Latino |
| Date of Birth (b)(6) | SSN | Job Title Store Manager | |

Physical Identifiers

(b)(6)

Name Date of Birth Job Title

(b)(6)

Name Date of Birth Job Title

(b)(6)

INTERVIEW QUESTIONNAIRE

What is the proposed business activity?

Licensee is a corporation with a multitude of stores in several states, selling general merchandise, farm equipment, and new firearms to the general public. Its firearms are primarily acquired from its corporate distribution centers. Licensee also sells firearms online, through rkguns.com. Licensee transfers firearms to other licensees, and maintains copies of licenses on file. The Rural King corporation has an ATF compliance program, which has issued standard operating procedures for all of its stores to follow. Employees are required to complete the Rural King training program before selling firearms. ATF Forms 4473 are second reviewed by a manager on a daily basis, with additional reviews conducted weekly and monthly by management. Inventories are conducted weekly and monthly. Licensee does not engage in manufacturing of firearms or ammunition, importing or exporting of firearms, deal at gun shows, deal in black powder, deal in National Firearms Act (NFA) firearms, and is not a major distributor for wholesalers.

Do they need an additional license or permit?

No

Who are their primary suppliers?

Licensee's primary suppliers are the Rural King distribution centers.

Business Activities

Internet Sales/Transfers

Retail

Internet Sales/Transfers Website

www.rkguns.com

Selected Operational Security Measures

Controlled Access to ATF Recordkeeping

Controlled Access to Keys

Current & Active Security Plan

Designated Security Coordinator

Formal Employee Training

Suspicious persons/activities reporting protocols

PREMISES INFORMATION

Inspection Area Description

Commercial storefront. Handguns on the sales floor are stored in locked glass display cases. Long guns are stored in locked wall racks behind the sales counter. (b)(4) Recent ATF

Forms 4473 are also stored in the storage room behind the sales counter. Pending/delayed forms are stored in a file box behind the sales counter. Older 4473s are maintained in a locked office adjacent to the store manager's office.

Primary Activity

Retail

Selected Physical Security Measures

(b)(4)

GPS Coordinates

Latitude

39.94576

Longitude

-83.85037

INTERVIEW NOTES

The compliance inspection was conducted in-person from February 22, 2021 through February 25, 2021. Assisting with the inspection were IOIs (b)(6) returned to Licensee's premises on April 6, 2021, to review additional ATF Forms 4473. Prior notice of inspection was given due to the COVID-19 climate and social distancing requirements.

Licensee made multiple changes to the store manager/responsible person position during the inspection. At the start of the inspection, the store manager and responsible person on the license was Nick Wachs. Mr. Wachs assisted IOI (b)(6) in facilitating the start of the inspection, and during the onsite inspection in February 2021. Mr. Wachs had been serving as the store manager of both Licensee's location in Springfield, OH, and in Marysville, OH. During the week of the inspection, Mr. Wachs was being shadowed by (b)(6) who would be taking over as the store manager of the Springfield, OH store. After the first few days of the inspection, Mr. Wachs returned to the Marysville, OH store and turned over responsibility for assisting with the inspection to (b)(6). Mr. Wachs agreed to return for the closing as the responsible person. IOI (b)(6) worked with (b)(6) for the remainder of the week in February 2021. IOI (b)(6) began reconciling the records after the primary onsite inspection was completed. IOI (b)(6) attempted to contact (b)(6) in late March 2021 for assistance in resolving outstanding issues, but failed to receive a response. IOI (b)(6) left a voicemail for (b)(6) in early April 2021 to advise that additional records were needed to complete the inspection, and that he would return to the store on April 6, 2021 to gather the records. On April 6, 2021, IOI (b)(6) returned to the Springfield, OH store and requested to meet with (b)(6). (b)(6) was met by (b)(6), who identified himself as the acting store manager. He advised that he had no knowledge of an ongoing ATF compliance inspection and had not received any messages from IOI (b)(6). He said that (b)(6) was terminated but he did not elaborate. (b)(6) attended the closing conference along with Mr. Wachs and other members of Licensee's team. (b)(6) advised that he was now officially Licensee's store manager, and was in the process of submitting the information required to be added as a responsible person to the license.

INSPECTION NOTE: Licensee maintains its official A&D Record in its FastBound software. It also maintains a working copy of its A&D Record in Excel. Licensee may offer to provide IOIs with a copy of the Excel spreadsheet rather than the Fastbound PDF. However, IOI (b)(6) found that the Excel record was not only inaccurate, but also failed to include a "notes" column detailing changes to or deletions from the A&D Record. The information in the notes column was useful in this and other Rural King inspections in identifying violations and clarifying transactions. It is recommended that IOIs obtain the FastBound PDF in future inspections

ONSITE SUMMARY

Total # of ATF F 4473 Reviewed

Total # of Open Dispositions in A & D Record

Total # of Firearms in Inventory

303

Total # of Firearms Missing after Reconciliation

Total # of Acquisitions in the Last 12 Months

(b)(4)

Total # of Dispositions in the Last 12 Months

(b)(4)

Additional Comments

Licensee uses the FastBound electronic recordkeeping system to maintain its A&D Record, and to generate ATF Forms 4473. Licensee's employees and customers complete ATF Forms 4473 electronically, and the forms are printed once they are complete.

NOTE: IOI (b)(6) began a compliance inspection (FCI-23069) in January 2021 on Rural King in Greenville, OH (4-31-06138). IOI (b)(6) contacted IOI (b)(6) in February 2021 regarding the logistics of completing an inspection on Licensee with COVID-19 considerations. IOI (b)(6) alerted IOI (b)(6) to concerns regarding Licensee's A&D Record in Greenville, OH, and advised IOI (b)(6) to look for similar problems at the Springfield, OH store. IOI (b)(6) did not find the same problems in Licensee's A&D Record, but identified other related problems. IOI (b)(6) determined that Licensee's policy of forbidding its staff from making handwritten corrections to ATF Forms 4473, and requiring new 4473s to be generated to correct errors, led to both the violations IOI (b)(6) identified with the A&D Record in Greenville, OH and the violations IOI (b)(6) discovered with the ATF Forms 4473 in Springfield, OH. As a result, IOI (b)(6) each cited Licensee for falsification under 27 CFR 478.121(c), as discussed below and in FCI-23069, and held joint closing conferences with Licensee to address the issue.

For the period of inspection, IOIs reviewed ATF Forms 4473, and identified the following errors which resulted in eight (8) violations cited, as follows:

IOI (b)(6) cited Licensee under 27 CFR 478.121(c) for making false entries or omitting entries in required recordkeeping on a total of forms during the period of inspection. Specifically, IOIs discovered during the inspection that the entries on the identified ATF Forms 4473 did not match the NICS information contained on the NTN Audit Log. IOI (b)(6) provided the forms with the discrepancies to store manager Nick Wachs, and requested assistance in sorting out the discrepancies. Mr. Wachs consulted the Rural King corporate firearms compliance team in a closed-door conference call, and returned approximately one hour later. Mr. Wachs explained to IOIs that most of the forms concerned NICS delays or some other delay in the transaction, so that the 4473s were initiated and completed on different days. He said that with each of the discrepant forms, there was an error or information on the form that required an amendment. However, Rural King policy forbids them from making handwritten changes on the ATF Form 4473, because the corporation answers ATF trace requests centrally and wants complete and accurate forms available at all times. Mr. Wachs said that the problem is that once an employee progresses past certain points on the 4473, FastBound does not allow them to amend prior entries. As a result, employees must create a new ATF Form 4473 in FastBound each time a form must be amended in a manner forbidden in FastBound (e.g. changing the serial number on the firearm being transferred). When the new 4473 is created, it is populated with information that falsifies or omits the facts of the transaction as it actually occurred. For example, when the customer returns to Rural King to retrieve their firearm after a NICS delay and the employee identifies an error on the form that FastBound will not allow them to correct, the employee initiates a new ATF Form 4473. The new ATF Form 4473 will not reflect any of the information from the original transaction. Instead, the form will reflect that the customer signed the form on the new date, and that a NICS "proceed" response was issued also on the new date. As a result, the reader is led to believe that a NICS "proceed" was issued on the same date that the transaction was initiated and the firearm transferred. Licensee generally did not attach the original form to the new form, and in each instance the ATF Form 4473 of record contained the false information. See Violation 2 for further information.

Mr. Wachs further explained that the Rural King firearms compliance team instructed him to advise IOIs that the original ATF Form 4473 and the new ATF Form 4473 (the actual ATF Form 4473 of record) should be combined, and together they form a complete and accurate ATF Form 4473. When IOIs (b)(6) objected to Mr. Wachs' conclusions about what constitutes the ATF Form 4473 of record, Mr. Wachs advised that Rural King has a variance that authorizes their procedures. IOI (b)(6) requested a copy of the variance. Mr. Wachs provided a copy of a letter dated January 31, 2019, addressed to (b)(6) at Rural King from (b)(6) Chief, Firearms Industry Programs Branch, requesting a recordkeeping variance. According to the letter (b)(6) requested a variance to create a new ATF Form 4473 in lieu of photocopying the form with the error and writing in the corrections by hand. (b)(6) request states that Rural King would create a new ATF Form 4473 with ALL corrected information, only if the transfer has not been finalized, and attach the original ATF Form 4473 with errors so that ATF could see what errors originally occurred. (b)(6) advised that a variance was not needed for the procedures proposed by Rural King. That is, completing a new ATF Form 4473 with all corrected information prior to the transfer taking place is acceptable. He further advised that the new ATF Form 4473 was the form of record for the transaction and must be retained. He also said that attaching the original incomplete or inaccurate form is a good business practice but is not required. After consulting with the Rural King compliance team, Mr. Wachs said that the "variance" authorizes their procedures for correcting ATF Forms 4473 and that they would be "prepared to argue the issue" if they were cited for violations. However, (b)(6) Rural King's Director of Compliance, stated during the closing conference that the forms cited in the violation were not completed according to Rural King's standard operating procedures. It was unclear from the discussion whether FastBound allows information to be altered on a new ATF Form 4473 to properly reflect all aspects a transaction. (b)(6) maintained that, despite the difficulties experienced by the Springfield, OH store in properly completing the ATF Forms 4473s, he believed that the violations were isolated and not a company-wide problem. At the direction of Licensee's legal counsel (b)(6) of FFL Guard (b)(6) (b)(6) annotated the Report of Violations, Violation 2 to state "we disagree with the wording of falsification but agree they were in error."

Licensee's policy of forbidding handwritten corrections to the ATF Form 4473 was identified by IOI (b)(6) as a problem during a 2018 inspection (FCI-57) on Licensee's Lebanon, OH license (4-31-04703). As a result of the Lebanon, OH inspection, Licensee developed a new company policy which led to the variance request on (b)(6) January 2019 response letter. Consequently, Licensee has been on notice regarding the problems with its ATF Form 4473 correction procedures since at least 2018.

IOI (b)(6) also cited Licensee for failing to maintain an accurate acquisition and disposition record in instances. In instance, Licensee failed to record the acquisition and disposition of a repaired firearm. Specifically (b)(3) (112 Public Law 55 125 Stat 552), (b)(6)

(b)(3) (112 Public Law 55 125 Stat 552), (b)(6)

IOI (b)(6) cited Licensee for failing to record the manufacturer of the firearm in the A&D Record in instances. Specifically, Licensee failed to record "Bond Arms Inc." as the manufacturer for all Bond Arms Inc. Roughneck 357/38 pistols. IOI (b)(6) inquired with Mr. Wachs about the missing information. After consulting with Licensee's firearms compliance team, Mr. Wachs advised that they did not record the manufacturer's name in the A&D Record because the firearms were only marked "Roughneck" and no manufacturer was marked on the firearm. IOIs (b)(6) attempted to inspect a Bond Arms pistol in Licensee's inventory, but none were present during the inspection. IOI (b)(6) then researched the Bond Arms pistols through the Bond Arms website and other internet sources, and determined that the frame of the pistol is marked with the model "Roughneck." The manufacturer's name and location is marked on the barrel, in compliance with the regulations. IOI (b)(6) cited Licensee for failing to record the manufacturer in the A&D Record. During the closing (b)(6) stated that the staff at the Rural King distribution centers would have recorded the Bond Arms acquisitions in the FastBound A&D Record. He reiterated that they did not record the Bond Arms name because it was not listed anywhere on the firearm. IOI (b)(6) advised (b)(6) that it appears that Bond Arms marks the barrel rather than the frame of the pistols. (b)(6) stated that they would record the manufacturer in the A&D Record in all future acquisitions.

IOI (b)(6) cited Licensee for various other errors or omissions on the ATF Form 4473, all of which resulted in low rates of error due to the large number of forms reviewed, as follows:

27 CFR 478.21(a): Failure to complete forms as prescribed. IOI (b)(6) cited Licensee on a total of forms, concerning errors or omissions in recording dates in Items 15 and 23 (2016 version).

27 CFR 478.124(c)(3)(i): Failure to verify or record Identification document on ATF Form 4473. IOI (b)(6) cited Licensee on a total of forms, concerning errors in recording the identification document expiration date in Items 18a (2016 version) or 26a (2020 version), or failing to acquire or record a supplemental identification document in 18b (2016 version) when the primary identification document address did not match the ATF Form 4473.

27 CFR 478.124(c)(3)(iv): Failure to record NICS contact information on an ATF Form 4473. IOI (b)(6) cited Licensee on a total of forms, concerning Licensee's failure to

record the NICS contact date in Items 19a (2016 version) or 27a (2020 version), its failure to accurately record the initial NICS response in Items 19c (2016 version) or 27c (2020 version), and its failure to record the NICS response in Item 19d (2016 version). IOI (b)(6) queried each transferee in NCIC, OHLEG and ANR, as appropriate, and confirmed that none of them appeared to be prohibited persons or denied by NICS.

27 CFR 478.124(c)(1): Failure to obtain a completed ATF Form 4473. IOI (b)(6) cited Licensee on a total of [redacted] forms, concerning Licensee's failure to have the transferee recertify the form in Item 22 (2016 version), and its failure to verify that the transferee accurately recorded his date of birth in Item 7 (2016 version).

27 CFR 478.124(c)(4): Failure to record firearm information on an ATF Form 4473. IOI (b)(6) cited Licensee on a total of [redacted] forms, concerning Licensee's failure to record the manufacturer of the firearm in Item 24 (2016 version).

Licensee has [redacted] traces in the past 12 months. IOI (b)(6) did not trace any firearms because Licensee does not deal in secondary market firearms. A NICS audit log check disclosed 669 NICS responses (601 proceed, 15 open, one (1) cancelled, and 52 denied) for Licensee within the scope of inspection, with [redacted] discrepancies disclosed and one (1) violation cited. IOI (b)(6) cited Licensee under 27 CFR 478.129(b) for failing to retain a total of [redacted] ATF Forms 4473 during the period of inspection. [redacted] denied and [redacted] proceed NICS responses). Licensee traced the NICS transaction numbers (NTNs) through its databases and determined that no firearms were transferred in connection with the unaccounted for NTNs.

The Violent Crime Analysis Bureau (VCAB) disclosed [redacted] reported multiple handgun sales for Licensee in the past 12 months. IOIs discovered [redacted] multiple handgun sales within the past 12 months, resulting in [redacted] discrepancies. However, no violations were cited as a result of the discrepancies because in each instance, Licensee had completed the report and attached it to the appropriate ATF Form 4473, and verified that it had filed it with ATF and local law enforcement, as required. IOIs filed the missing reports with the ATF Tracing Center on Licensee's behalf. Despite the high number of multiple handgun sales and traces associated with Licensee, IOI (b)(6) did not identify any patterns indicative of firearms trafficking.

[redacted] theft/loss of a firearm was reported during the period of inspection (b)(3) (112 Public Law 55 125 Stat 552). Upon completion of the onsite inventory in the current inspection, [redacted] firearm listed on the printed Excel inventory spreadsheet remained unaccounted for (b)(3) (112 Public Law 55 125 Stat 552). After further inquiry, IOI (b)(6) determined that Licensee had properly recorded the disposition of the firearm (b)(3) (112 Public Law 55 125 Stat 552) in repair in its FastBound software, which is its official A&D Record. However, Licensee inquired with [redacted] to verify that they received the firearm due to the length of time that had passed since the disposition, and because the disposition of the firearm was raised as an issue during inspection. [redacted] advised Licensee that they had never received the firearm. Licensee filed an ATF Form 3310.11 Theft/Loss report on February 26, 2021 (b)(3) (112 Public Law 55 125 Stat 552), as the shipper of the firearm. No violations were cited because Licensee had properly disposed of the firearm in its computerized A&D Record prior to inspection. See FTL-1114.

IOI (b)(6) conducted background checks on nine (9) suspicious purchasers. No prohibited persons were confirmed, and no referrals or suspicious activity reports were generated.

There were no additional findings during the inspection.

Attachment(s)

Report of Violations.pdf

Licensee Response to Violations Report.pdf

REPORT OF VIOLATIONS

| Regulation | Corrective Actions | Instance Details |
|--|--|---|
| <p>27 CFR 478.129(b): Failure to retain ATF F 4473</p> <p>ATF Forms 4473 [redacted]</p> <p>Number of Instances [redacted]</p> | <p>Identify and separately retain all denied (completed and future) ATF Forms 4473, for a period not less than 5 years.</p> <p>Retain ATF Forms 4473 for a period of not less than 20 years after the date of sale or disposition.</p> | <p>(b)(3) (112 Public Law 55 125 Stat 552),(b)(6)</p> |
| <p>27 CFR 478.121(c): Making false entry, omitting entry, or failing to properly maintain required recordkeeping</p> <p>Number of Instances [redacted]</p> | <p>Cease and desist from engaging in deceptive practices.</p> | <p>Licensee knowingly made false entries in, or failed to make appropriate entries in the ATF Form 4473 on a total of [redacted] forms. Specifically, when Licensee discovered that the ATF Form 4473 contained an error after a NICS delay or other delay in transfer, Licensee initiated a new ATF Form 4473 using the NICS transaction number (NTN) from the original form, and made some or all of the following false entries and/or omissions on each new form:</p> <p>(b)(3) (112 Public Law 55 125 Stat 552),(b)(6)</p> |

| | | |
|---|---|--|
| <p>27 CFR 478.21(a): Failure to complete forms as prescribed</p> <p>ATF Forms 4473 <input type="checkbox"/></p> <p>Number of Instances: <input type="checkbox"/></p> | <p>Complete all forms as prescribed.</p> <p>Ensure that all ATF Form 4473 items, as required by form headings and instructions, are accurately completed on all future transactions.</p> | <p>(b)(3) (112 Public Law 55 125 Stat 552),(b)(6)</p> |
| <p>27 CFR 478.124(c)(3)(i): Failure to verify or record Identification document on ATF F 4473</p> <p>ATF Forms 4473 <input type="checkbox"/></p> <p>Number of Instances: <input type="checkbox"/></p> | <p>Ensure that all required transferee/buyer identification information is obtained, validated and accurately recorded on all future ATF Forms 4473, Section B.</p> | <p>(b)(3) (112 Public Law 55 125 Stat 552),(b)(6)</p> |
| <p>27 CFR 478.124(c)(3)(iv): Failure to record NICS contact information on an ATF F 4473</p> <p>ATF Forms 4473 <input type="checkbox"/></p> <p>Number of Instances: <input type="checkbox"/></p> | <p>Ensure that all required NICS/POC background check information is obtained, validated and accurately recorded on all future ATF Forms 4473, Section B.</p> | <p>(b)(3) (112 Public Law 55 125 Stat 552),(b)(6)</p> |
| <p>27 CFR 478.124(c)(1): Failure to obtain a completed ATF F 4473</p> <p>ATF Forms 4473 <input type="checkbox"/></p> <p>Number of Instances: <input type="checkbox"/></p> | <p>Ensure that all required ATF Form 4473 Section A items are completed/provided by the transferee/buyer on all future transactions.</p> <p>Ensure that the transferee/buyer provides required signature and date, on ATF Form 4473 Section C, for all transactions taking place on a date different from when Section A was certified.</p> <p>Execute and retain a complete and accurate ATF Form 4473 on all future firearm transactions.</p> | <p>(b)(3) (112 Public Law 55 125 Stat 552),(b)(6)</p> |
| <p>27 CFR 478.124(c)(4): Failure to record firearm information on an ATF F 4473</p> <p>ATF Forms 4473 <input type="checkbox"/></p> | <p>Ensure that all required firearm identification information is obtained, validated and accurately recorded on all future ATF Forms 4473, Section D.</p> | <p>(b)(3) (112 Public Law 55 125 Stat 552),(b)(6)</p> |

| | | |
|---|---|--|
| Number of Instances: [] | | |
| <p>27 CFR 478.125(e): Failure to maintain an accurate/complete/timely acquisition and disposition record of firearms</p> <p>Number of Instances []</p> | <p>Accurately, completely & timely record all required future firearm acquisition information. Amend/Update A&D Record to accurately record all required firearm acquisition information.</p> | <p>(b)(3) (112 Public Law 55 125 Stat 552),(b)(6)</p> |

LICENSEE RESPONSE REPORT

| Regulation | Corrective Actions | Licensee Response | Status Details |
|---|---|---|---|
| <p>27 CFR 478.129(b): Failure to retain ATF F 4473</p> <p>ATF Forms 4473 [] Number of Instances []</p> | <p>Identify and separately retain all denied (completed and future) ATF Forms 4473, for a period not less than 5 years. Retain ATF Forms 4473 for a period of not less than 20 years after the date of sale or disposition.</p> | <p>Licensee stated that they plan to reinforce current RK policy, which requires the store to print the forms. They will also be remotely auditing the stores to ensure that they are complying with policy. Responsible person Nick Wachs suggested that they include auditing to match NICS checks with appropriate forms. They also plan to implement new or additional training to ensure that their subject matter experts are training every store the same way.</p> | <p>Status Licensee Notified</p> <p>Verified Method In Person</p> <p>Date Licensee Notified 06/02/2021</p> |
| <p>27 CFR 478.121(c): Making false entry, omitting entry, or failing to properly maintain required recordkeeping</p> <p>Number of Instances []</p> | <p>Cease and desist from engaging in deceptive practices.</p> | <p>Licensee stated that they need to better disseminate their SOP to the stores. The violations were not in compliance with company policy. Licensee stated that they have identified a way to remotely audit the stores and immediately address any issues determined to be company-wide. A training program is currently being developed to address the problems, but Licensee believes the issues cited in the 121(c) violation are isolated. Licensee stated that this is the first time it has been brought to their attention, but they will take it seriously. Licensee stated that they need to determine where the non-compliant procedures came from. Their main focus will be remote auditing and training to stress proper procedure and consistency.</p> | <p>Status Licensee Notified</p> <p>Verified Method In Person</p> <p>Date Licensee Notified 06/02/2021</p> |
| <p>27 CFR 478.21(a): Failure to complete forms as prescribed</p> <p>ATF Forms 4473 [] Number of Instances []</p> | <p>Complete all forms as prescribed. Ensure that all ATF Form 4473 items, as required by form headings and instructions, are accurately completed on all future transactions.</p> | <p>Licensee stated that they need to better disseminate their SOP to the stores. The violations were not in compliance with company policy. Licensee stated that they have identified a way to remotely audit the stores and immediately address any issues determined to be company-wide. Their main focus will be remote auditing and training to stress proper procedure and consistency.</p> | <p>Status Licensee Notified</p> <p>Verified Method In Person</p> <p>Date Licensee Notified 06/02/2021</p> |

| | | | | |
|---|---|--|---|---|
| 4 | 27 CFR 478.124(c)(3)(i): Failure to verify or record Identification document on ATF F 4473 ATF Forms 4473 Number of Instances: [] | Ensure that all required transferee/buyer identification information is obtained, validated and accurately recorded on all future ATF Forms 4473, Section B. | Licensee stated that they need to better disseminate their SOP to the stores. Licensee further stated that they will add a section to their SOP that will include rules related to the identification documents. | Status Licensee Notified Verified Method In Person Date Licensee Notified 06/02/2021 |
| 5 | 27 CFR 478.124(c)(3)(iv): Failure to record NICS contact information on an ATF F 4473 ATF Forms 4473 Number of Instances: [] | Ensure that all required NICS/POC background check information is obtained, validated and accurately recorded on all future ATF Forms 4473, Section B. | Licensee stated that the staff will be retrained on the SOP because these mistakes should not happen. They added that it should be easy to fix with adherence to their two-step verification process for 4473s. | Status Licensee Notified Verified Method In Person Date Licensee Notified 06/02/2021 |
| 6 | 27 CFR 478.124(c)(1): Failure to obtain a completed ATF F 4473 ATF Forms 4473 Number of Instances: [] | Ensure that all required ATF Form 4473 Section A items are completed/provided by the transferee/buyer on all future transactions. Ensure that the transferee/buyer provides required signature and date, on ATF Form 4473 Section C, for all transactions taking place on a date different from when Section A was certified. Execute and retain a complete and accurate ATF Form 4473 on all future firearm transactions. | Licensee stated that they need to better disseminate their SOP to the stores. The violations were not in compliance with company policy. Licensee stated that they have identified a way to remotely audit the stores and immediately address any issues determined to be company-wide. Their main focus will be remote auditing and training to stress proper procedure and consistency. | Status Licensee Notified Verified Method In Person Date Licensee Notified 06/02/2021 |
| 7 | 27 CFR 478.124(c)(4): Failure to record firearm information on an ATF F 4473 ATF Forms 4473 Number of Instances: [] | Ensure that all required firearm identification information is obtained, validated and accurately recorded on all future ATF Forms 4473, Section D. | Licensee stated that the issue stemmed from issues with the A&D Record. They will be working with their distribution center to ensure that any missing firearm information is added to the record, which will also correct missing information on the 4473s. | Status Licensee Notified Verified Method In Person Date Licensee Notified 06/02/2021 |
| 8 | 27 CFR 478.125(e): Failure to maintain an accurate/complete/timely acquisition and disposition record of firearms Number of Instances: [] | Accurately, completely & timely record all required future firearm acquisition information. Amend/Update A&D Record to accurately record all required firearm acquisition information. | Licensee said they will work with their distribution center to ensure that "Bond Arms" and any other missing firearm information is added to the record. Licensee discussed reacquainting the FastBound team with the RK audit team, to make sure they are ready for ATF inspections. Licensee stated that if they identify a firearm that is not marked properly, they will notify ATF for appropriate action. | Status Licensee Notified Verified Method In Person Date Licensee Notified 06/02/2021 |

CLOSING CONFERENCE

Review Regulations conducted offline

(6/2/2021)

06/02/2021

Closing Conference Additional Notes

IC [(b)(6)] and IOI [(b)(6)] conducted a joint closing conference with Licensee on June 2, 2021 at the Springfield, OH location, for the current inspection as well as FCI-23069 (Greenville, OH license). In attendance on behalf of Licensee were [(b)(6)] Director of Firearms Compliance, Nick Wachs, responsible person for Licensee and store manager during the onsite inspection, [(b)(6)] current store manager for Licensee, and [(b)(6)] store manager for the Greenville, OH location. [(b)(6)] FL Guard, attended via teleconference. IOIs [(b)(6)] reviewed the Reports of Violations for the two inspections and discussed the Acknowledgment of Federal Firearms Regulations with Licensee. IOIs answered all questions and discussed corrective actions and necessary steps to ensure future compliance.

Inspection History:

Date of Inspection: July 6, 2017

Type of Inspection: Qualification Inspection

UI#: 773015-2017-0581

Inspection Results: License Issued

Cited Violations: None

There were no additional findings during the inspection.

Attendee(s)

NICHOLAS PAUL WACHS

WARNING CONFERENCE**Scheduling Letter**

Assigned To

(b)(6)

Delivery Method

Hand-Delivery

Recipient Name

(b)(6)

Delivery Date

08/12/2021 11:23 AM

Additional Notes

IOI (b)(6) e-mailed the Warning Conference Scheduling Letter and Report of Violations to (b)(6) Director of Asset Protection and Firearms Compliance for Rural King on August 12, 2021. Also copied on the e-mail were (b)(6) from FFL Guard, and the store manager for Rural King's Springfield, Ohio store (b)(6) replied to the e-mail confirming receipt of the letter on August 12, 2021.

Conference Details

Warning Conference Lead

Judyth Ledoux

Representing ATF

Judyth Ledoux

(b)(6)

Conference Date/Time

10/07/2021 10:00 AM

Non-Responsible person(s) representing the licensee

(b)(6)

Conference Address

230 West St, Unit N/A, Columbus, Ohio 43215

Follow-Up Letter Details

(1) Violation of 27 CFR 478.129(b): "Failure to Retain ATF F 4473."

In response to the above violation, Licensee stated that it is unacceptable to have any missing forms. They said that the Rural King Standard Operating Procedures (SOP) always required the forms to be generated and printed from the FastBound software, but the SOP was not followed. Licensee added that the SOP also requires weekly audits on all forms, and the audits should identify any missing forms. Licensee said the weekly audits were not always conducted, but that they will be moving forward.

(2) Violation of 27 CFR 478.121(c): "Making false entry, omitting entry, or failing to properly maintain required recordkeeping."

In response to the above violation, Licensee advised that they took a three-step approach in addressing the issue. First, they reviewed their current policies and SOP to determine whether they were complete and accurate. They concluded that the policies were appropriate. Second, they focused on training managers and associates on the policies and SOP to ensure that they understand and comply with the requirements. They said they now require all managers and associates to read and sign the SOP, and they are currently in the process of bringing all managers and associates into compliance with that requirement. They also require each associate to complete 22 hours of compliance training, and are in the process of creating a training video to incorporate into the training. Licensee stated that they believe training is the largest component of their compliance program to address, and they have doubled their efforts in that regard. They added that employee turnover was particularly high during COVID-19, and it has been challenging to maintain consistent application of standard procedures. Third, Licensee has implemented an enhanced auditing program to augment its existing auditing program. Licensee explained that they alerted FastBound to some of the issues identified during the inspection, and FastBound made adjustments to address the problems and improve auditing. Licensee advised that they conducted an internal test audit with the enhanced system, and the system successfully flagged the eight (8) forms cited under the 121(c) violation. They also audited their other stores and did not find similar violations. Licensee explained that they believe the enhanced auditing system will successfully find ATF Forms 4473 with problems and allow the compliance team to address the issues immediately.

DIO LeDoux advised Licensee that photocopying the ATF Form 4473 with the error and writing in the corrections by hand would eliminate the risk of making false entries that exists with the current procedures. DIO LeDoux then drew Licensee's attention to the January 31, 2019 ATF letter addressed to Licensee regarding corrections to ATF Forms 4473, and asked Licensee to explain its procedures when errors are discovered on ATF Forms 4473. Licensee explained that if the error is discovered before the firearm leaves the store, the associate will generate a new ATF Form 4473 with the corrected information. Licensee added that the associate must use the "edit mode" in FastBound to change dates and other entries to completely and accurately reflect the transfer. They acknowledged that the associates involved in the eight (8) forms cited in the violation did not follow the SOP, and that the training program will address such issues. Licensee stated that if the error is discovered after the firearm leaves the store, the associate must photocopy the form and handwritten corrections are entered on the form. IOI (b)(6) interjected that she identified (b)(6) instances in the Greenville, OH inspection where the associates discovered errors after the firearms were transferred, called the customers back to the store, created new ATF Forms 4473, and conducted new NICS checks. IOI (b)(6) explained that those procedures led to the false entries in the acquisition and disposition record (A&D Record) at the Greenville, OH store because the associates then deleted the original disposition to the customer and entered the subsequent disposition from the new form. IOI (b)(6) emphasized that the errors cited under 121(c) are particularly serious because of how they affect traceability. Licensee acknowledged the seriousness of the violations and reiterated that the involved associates did not follow the SOP, and the issues will be addressed through training.

(3) Violation of 27 CFR 478.21(a): "Failure to complete forms as prescribed."

(4) Violation of 27 CFR 478.124(c)(3)(i): "Failure to verify or record identification document on ATF F 4473."

(5) Violation of 27 CFR 478.124(c)(3)(iv): "Failure to record NICS contact information on an ATF F 4473."

(6) Violation of 27 CFR 478.124(c)(1): "Failure to obtain a completed ATF F 4473."

(7) Violation of 27 CFR 478.124(c)(4): "Failure to record firearm information on an ATF F 4473."

In response to the above violations, Licensee advised that their new training program will emphasize accuracy with the ATF Form 4473 and NICS, especially with regard to recording NICS responses and proper dates. Licensee further advised that their enhanced auditing system is designed to identify such errors so they may be addressed immediately. Licensee added that the SOP requires each store to validate all forms on a weekly basis. They said that process was not followed in the past and it will be fixed moving forward.

(8) Violation of 27 CFR 478.125(e): "Failure to maintain an accurate/complete/timely acquisition and disposition record of firearms."

In response to the above violation, Licensee stated that they found examples where "Bond Arms Inc." was not marked anywhere on the firearm. IOI (b)(6) advised that some Bond Arms firearms have the manufacturer name and location marked on the barrel rather than the frame. Licensee clarified that some examples they received did not have the manufacturer's name and location marked anywhere on the firearm, including the barrel. They explained that their distribution centers are now inspecting all Bond Arms firearms before accepting them into inventory to verify that all markings are present. DIO LeDoux asked what actions Licensee has taken with any firearms that lacked the required markings. Licensee advised that it has not found any recent examples of such firearms, but that it would communicate with Bond Arms if any are found.

DIO LeDoux concluded the conference by emphasizing the seriousness of the violations cited under 27 CFR 478.121(c). She advised that a repeat of such violations could result in revocation of the license. DIO LeDoux also reminded Licensee that IOIs are always available for seminars, to speak at Licensee's internal training events, or to otherwise assist with compliance issues. Licensee concluded by stating that they take the violations seriously, and that they believe a focus on training and auditing will prevent future violations such as those cited under 121(c).

Follow-Up Letter

Delivery Method
Certified Mail

Tracking Number
(b)(6)

Date Sent
10/22/2021

Date Delivered
10/22/2021

Certified Mail Return Slip

| Attachment | Date/Time |
|--|---------------------|
| 4-31-06222 RK Holdings LLP - WC Follow-up Receipt Confirmation.pdf | 10/22/2021 02:06 PM |

EXHIBITS

Inspection

| Category | Attachment Name |
|---|---|
| Correspondence | Spartan Notification RE: 4-31-06222 Inspection Results |
| WarningConferenceFollowUpLetterReturnSlip | 4-31-06222 RK Holdings LLP - WC Follow-up Receipt Confirmation.pdf |
| WarningConferenceFollowUpLetter | Follow Up Letter.pdf |
| WarningConferenceSchedulingLetter | Scheduling Letter.pdf |
| WarningConferenceSchedulingLetter | Scheduling Letter.pdf |
| WarningConferenceSchedulingLetter | Scheduling Letter.pdf |
| WarningConferenceSchedulingLetter | Scheduling Letter.pdf |
| Correspondence | Spartan Notification RE: 4-31-06222 Monitored Case |
| Correspondence | Spartan Notification RE: 4-31-06222 Monitored Case |
| Correspondence | Spartan Notification RE: 4-31-06222 Monitored Case |
| Correspondence | Spartan Notification RE: 4-31-06222 Monitored Case |
| Correspondence | Spartan Notification RE: 4-31-06222 Monitored Case |
| Correspondence | Spartan Notification RE: 4-31-06222 Monitored Case |
| Correspondence | DIO Judyth Ledoux Returned Inspection FCI-24404 |
| Correspondence | Spartan Notification RE: 4-31-06222 Monitored Case |
| Correspondence | Spartan Notification RE: 4-31-06222 Inspection Results |
| LicenseeResponseToViolationsPDF | Licensee Response to Violations Report.pdf |
| ViolationsPDF | Report of Violations.pdf |
| PropertyOwnershipVerification | 4-31-06222 RK Holdings LLP - A Melvin Real Estate LLC Ohio Registration.pdf |
| PropertyOwnershipVerification | 4-31-06222 RK Holdings LLP - Property Card.pdf |
| TradeNameVerification | 4-31-06222 RK Holdings LLP - Trade Name Registration.pdf |
| BusinessVerification | 4-31-06222 RK Holdings LLP - Foreign LLP Statement of Qualification.pdf |

SAR-1307

| Category | Attachment Name |
|----------------|---|
| Correspondence | Industry Operations Report of Suspicious Activity(SAR-1307) |



August 11, 2021

WARNING CONFERENCE

RK HOLDINGS LLP
RK HOLDINGS LLP
4216 DEWITT AVE
MATTOON, Illinois 61938-6643

Re: Federal Firearms License Number: 4-31-06222

RK HOLDINGS LLP,

As a result of a recent compliance inspection conducted by the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) at your firearms business located at 1476 UPPER VALLEY PIKE, Unit N/A, SPRINGFIELD, Ohio 45504 on 2/22/2021 through 06/02/2021, you were cited for violations of 27 Code of Federal Regulations, Part 478. The violations were discussed with you during the inspection. A copy of the Report of Violations, ATF Form 5030.5, issued at the time of the inspection is enclosed.

You should be aware that any willful violations of the Gun Control Act may result in revocation of your Federal firearms license. As a result of the recently cited violations, it is important that we have a meeting with you to discuss the violations found. The conference will be held at 230 West St, Unit N/A, Columbus, Ohio 43215 on 09/23/2021 at 10:00 AM. The agenda for the meeting will include a discussion of the reasons for the violations, a review of the legal requirements, and a discussion of steps to be taken by you to ensure future compliance. Although we do not believe it necessary, legal counsel may assist you at your own expense if you so choose. **Please bring with you documentation verifying the corrective action you have taken and any compliance plan you have developed to ensure these violations do not recur.**

Also, you are hereby notified that, pursuant to 18 U.S.C. § 930(a), no person may bring a firearm or other dangerous weapon into an ATF office. Possession of a firearm or other dangerous weapon in an ATF office may result in a fine of \$100,000 or imprisonment for not more than 1 year or both.

The records you are required to maintain and the business operations you conduct are important to law enforcement in our continuing effort to reduce violent crime and protect the public. It is essential that you comply with all Federal laws and regulations that govern your firearms business to aid in this effort to combat violent crime.

We will conduct a follow-up inspection in the future. Any violations, either repeat or otherwise, could be viewed as willful and may result in the revocation of your license.

Please contact Industry Operations Investigator [REDACTED] or me at [REDACTED] to confirm this appointment, and to ask any questions you may have regarding this conference. We look forward to meeting with you to resolve these issues.

Sincerely,
Judyth Ledoux
Director Industry Operations
Columbus Field Division



September 22, 2021

WARNING CONFERENCE

RK HOLDINGS LLP
RK HOLDINGS LLP
4216 DEWITT AVE
MATTOON, Illinois 61938-6643

Re: Federal Firearms License Number: 4-31-06222

RK HOLDINGS LLP,

As a result of a recent compliance inspection conducted by the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) at your firearms business located at 1476 UPPER VALLEY PIKE, Unit N/A, SPRINGFIELD, Ohio 45504 on 2/22/2021 through 06/02/2021, you were cited for violations of 27 Code of Federal Regulations, Part 478. The violations were discussed with you during the inspection. A copy of the Report of Violations, ATF Form 5030.5, issued at the time of the inspection is enclosed.

You should be aware that any willful violations of the Gun Control Act may result in revocation of your Federal firearms license. As a result of the recently cited violations, it is important that we have a meeting with you to discuss the violations found. The conference has been rescheduled and will be held at 230 West St, Unit N/A, Columbus, Ohio 43215 on 10/07/2021 at 10:00 AM. The agenda for the meeting will include a discussion of the reasons for the violations, a review of the legal requirements, and a discussion of steps to be taken by you to ensure future compliance. Although we do not believe it necessary, legal counsel may assist you at your own expense if you so choose. **Please bring with you documentation verifying the corrective action you have taken and any compliance plan you have developed to ensure these violations do not recur.**

Also, you are hereby notified that, pursuant to 18 U.S.C. § 930(a), no person may bring a firearm or other dangerous weapon into an ATF office. Possession of a firearm or other dangerous weapon in an ATF office may result in a fine of \$100,000 or imprisonment for not more than 1 year or both.

The records you are required to maintain and the business operations you conduct are important to law enforcement in our continuing effort to reduce violent crime and protect the public. It is essential that you comply with all Federal laws and regulations that govern your firearms business to aid in this effort to combat violent crime.

We will conduct a follow-up inspection in the future. Any violations, either repeat or otherwise, could be viewed as willful and may result in the revocation of your license.

Please contact Industry Operations Investigator [REDACTED] or me at [REDACTED] to confirm this appointment, and to ask any questions you may have regarding this conference. We look forward to meeting with you to resolve these issues.

Sincerely,
Judyth Ledoux
Director Industry Operations
Columbus Field Division



October 12, 2021

WARNING CONFERENCE FOLLOW UP

RK HOLDINGS LLP
RK HOLDINGS LLP
4216 DEWITT AVE
MATTOON, Illinois 61938-6643

Re: Federal Firearms License Number: 4-31-06222

RK HOLDINGS LLP,

This letter is a follow-up to the warning conference held with you on October 7, 2021 at 10:00 AM. During this conference, the violations cited during the inspection conducted on 2/22/2021 through 6/2/2021, and the necessary corrective action to prevent the violations from reoccurring were discussed. The following people were in attendance:

Representing the ATF Columbus Field Division Field Division: Judyth Ledoux (b)(6)

Non-Responsible person(s) representing the licensee: (b)(6)

You were given the opportunity to comment on the violations and what specific action you have taken to ensure that the violations will not reoccur. With respect to the cited violations, we are providing a summary of your response to each violation:

(1) Violation of 27 CFR 478.129(b): "Failure to Retain ATF F 4473."

In response to the above violation, Licensee stated that it is unacceptable to have any missing forms. They said that the Rural King Standard Operating Procedures (SOP) always required the forms to be generated and printed from the FastBound software, but the SOP was not followed. Licensee added that the SOP also requires weekly audits on all forms, and the audits should identify any missing forms. Licensee said the weekly audits were not always conducted, but that they will be moving forward.

(2) Violation of 27 CFR 478.121(c): "Making false entry, omitting entry, or failing to properly maintain required recordkeeping."

In response to the above violation, Licensee advised that they took a three-step approach in addressing the issue. First, they reviewed their current policies and SOP to determine whether they were complete and accurate. They concluded that the policies were appropriate. Second, they focused on training managers and associates on the policies and SOP to ensure that they understand and comply with the requirements. They said they now require all managers and associates to read and sign the SOP, and they are currently in the process of bringing all managers and associates into compliance with that requirement. They also require each associate to complete 22 hours of compliance training, and are in the process of creating a training video to incorporate into the training. Licensee stated that they believe training is the largest component of their compliance program to address, and they have doubled their efforts in that regard. They added that employee turnover was particularly high during COVID-19, and it has been challenging to maintain consistent application of standard procedures. Third, Licensee has implemented an enhanced auditing program to augment its existing auditing program. Licensee explained that they alerted FastBound to some of the issues identified during the inspection, and FastBound made adjustments to address the problems and improve auditing. Licensee advised that they conducted an internal test audit with the enhanced system, and the system successfully flagged the forms cited under the 121(c) violation. They also audited their other stores and did not find similar violations. Licensee explained that they believe the enhanced auditing system will successfully find ATF Forms 4473 with problems and allow the compliance team to address the issues immediately.

DIO LeDoux advised Licensee that photocopying the ATF Form 4473 with the error and writing in the corrections by hand would eliminate the risk of making false entries that exists with the current procedures. DIO LeDoux then drew Licensee's attention to the January 31, 2019 ATF letter addressed to Licensee regarding corrections to ATF Forms 4473, and asked Licensee to explain its procedures when errors are discovered on ATF Forms 4473. Licensee explained that if the error is discovered before the firearm leaves the store, the associate will generate a new ATF Form 4473 with the corrected information. Licensee added that the associate must use the "edit mode" in FastBound to change dates and other entries to completely and accurately reflect the transfer. They acknowledged that the associates involved in the forms cited in the violation did not follow the SOP, and that the training program will address such issues. Licensee stated that if the error is discovered after the firearm leaves the store, the associate must photocopy the form and handwritten corrections are entered on the form. IOI (b)(6) interjected that she identified instances in the Greenville, OH inspection where the associates discovered errors after the firearms were transferred, called the customers back to the store, created new ATF Forms 4473, and conducted new NICS checks. IOI (b)(6) explained that those procedures led to the false entries in the acquisition and disposition record (A&D Record) at the Greenville, OH store because the associates then deleted the original disposition to the customer and entered the subsequent disposition from the new form. IOI (b)(6) emphasized that the errors cited under 121(c) are particularly serious because of how they affect traceability. Licensee acknowledged the seriousness of the violations and reiterated that the involved associates did not follow the SOP, and the issues will be addressed through training.

(3) Violation of 27 CFR 478.21(a): "Failure to complete forms as prescribed."

(4) Violation of 27 CFR 478.124(c)(3)(i): "Failure to verify or record identification document on ATF F 4473."

(5) Violation of 27 CFR 478.124(c)(3)(iv): "Failure to record NICS contact information on an ATF F 4473."

(6) Violation of 27 CFR 478.124(c)(1): "Failure to obtain a completed ATF F 4473."

(7) Violation of 27 CFR 478.124(c)(4): "Failure to record firearm information on an ATF F 4473."

In response to the above violations, Licensee advised that their new training program will emphasize accuracy with the ATF Form 4473 and NICS, especially with regard to recording NICS responses and proper dates. Licensee further advised that their enhanced auditing system is designed to identify such errors so they may be addressed immediately. Licensee added that the SOP requires each store to validate all forms on a weekly basis. They said that process was not followed in the past and it will be fixed moving forward.

(8) Violation of 27 CFR 478.125(e): "Failure to maintain an accurate/complete/timely acquisition and disposition record of firearms."

In response to the above violation, Licensee stated that they found examples where "Bond Arms Inc." was not marked anywhere on the firearm. IOI (b)(6) advised that some Bond Arms firearms have the manufacturer name and location marked on the barrel rather than the frame. Licensee clarified that some examples they received did not have the manufacturer's name and location marked anywhere on the firearm, including the barrel. They explained that their distribution centers are now inspecting all Bond Arms firearms before accepting them into inventory to verify that all markings are present. DIO LeDoux asked what actions Licensee has taken with any firearms that lacked the required markings. Licensee advised that it has not found any recent examples of such firearms, but that it would communicate with Bond Arms if any are found.

DIO LeDoux concluded the conference by emphasizing the seriousness of the violations cited under 27 CFR 478.121(c). She advised that a repeat of such violations could result in revocation of the license. DIO LeDoux also reminded Licensee that IOIs are always available for seminars, to speak at Licensee's internal training events, or to otherwise assist with compliance issues. Licensee concluded by stating that they take the violations seriously, and that they believe a focus on training and auditing will prevent future violations such as those cited under 121(c).

The violations for which you were cited could adversely impact law enforcement's ability to reduce violent crime and protect the public. You are reminded that future violations, repeat or otherwise, could be viewed as willful and may result in the revocation of your license. You may anticipate further inspections to ensure your compliance.

Please contact us if you have any questions concerning your responsibilities as a licensee or if you require further clarification about particular requirements of Federal firearms laws.

Sincerely,
Judyth Ledoux
Director Industry Operations
Columbus Field Division